

# Monthly GAAP Bulletin

July 2021  
Volume I





# Introduction

Dear reader,

Grant Thornton Bharat is delighted to present Monthly GAAP Bulletin, which summarises significant accounting, auditing and related updates. This publication has been compiled to meet the needs of dynamic Indian businesses and focuses on key developments in India and across the globe.

To access the source of information and complete details, you can click the hyperlinked text below each update.

We would be pleased to receive your valuable feedback. Please write to us at [npsg@in.gt.com](mailto:npsg@in.gt.com) with your comments, questions or suggestions.

This edition covers updates for May 2021.

Following is the index of updates:





# Contents

## A. India updates - Effective

### a. Accounting updates

1. FAQ on accounting for amounts to be incurred towards CSR

### b. Regulatory updates

#### Companies Act updates

1. Clarification on offsetting the excess CSR spent for FY 2019-20
2. Clarification on spending of CSR funds for COVID-19
3. Relaxations by MCA due to COVID-19 pandemic

#### SEBI updates

1. Enhancement of overall limit for overseas investment by AIFs/ VCFs
2. Amended regulations issued by SEBI
3. Business responsibility and sustainability reporting by listed entities
4. Relaxation from compliance to REITs and InvITs due to COVID-19 pandemic

#### Other regulatory updates

1. Extension of due dates by CBDT
2. Mandatory updation of UDINs in all Income Tax Forms at e-filing Portal

3. Priority Sector Lending - On-lending by Small Finance Banks to NBFC-MFIs

4. RBI's Resolution Framework 2.0

5. Utilisation of floating provisions /Counter Cyclical Provisioning Buffer by banks

6. Extension of time limit for filing of returns with IRDAI and uploading public disclosures on website of insurers

7. IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) (First Amendment) Regulations, 2021

8. Exercise of ESOPs - Applicability of provision of section 6A(4)(b) of the Insurance Act, 1938

9. Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021

## B. India updates - Proposed

### a. Accounting updates

1. Exposure draft of revised AS 12, Income Taxes

### b. SEBI updates

1. Consultation Paper on "Review of the regulatory framework of promoter, promoter group and group companies as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018"

2. Consultation Paper on 'Review and merger of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Issue and Listing of Non-convertible Redeemable Preference Shares) Regulation, 2013 into SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021

## C. International updates - Effective

### a. IFRS updates

1. Targeted amendments to IAS 12, Income Taxes

### b. US GAAP updates

1. ASU 2021-04 - Earnings Per Share (Topic 260), Debt - Modifications and Extinguishments (Subtopic 470-50), Compensation - Stock Compensation (Topic 718), and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options

## D. International updates – Proposed

### a. US GAAP updates

1. Exposure draft of Proposed ASU - Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method



# A. India updates - Effective

a. Accounting updates

b. Regulatory updates



## A. India updates - Effective

### a. Accounting updates

#### 1. FAQ on accounting for amounts to be incurred towards CSR

The Institute of Chartered Accountants of India (ICAI) has issued a FAQ on accounting for amounts to be incurred towards Corporate Social Responsibility (CSR) pursuant to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 notified by the Ministry of Corporate Affairs (MCA) on 22 January 2021.

It has clarified that CSR expenditure should be recognised as an expense in the statement of profit or loss as and when such expenditure is incurred on the CSR activities undertaken as per the Board approved CSR Policy and CSR projects during the financial year. For the 'unspent amount', a legal obligation whether relating to ongoing project or not, which has been determined as per the provisions of Section 135 arises only as at the end of the financial year and thereby should be recognised as per requirements of Ind AS 37, Provisions, Contingent Liabilities and Contingent assets at the end of financial year only.

It is also clarified that, as per the provisions of Ind AS 34, Interim Financial Statements, CSR obligation should be recognised based on the above principles for recognition of the same in annual financial statements i.e., only at the end of the financial year.

Click [here](#) for FAQs.

## B. India updates - Proposed

### b. Regulatory updates Companies Act updates

#### 1. Clarification on offsetting the excess CSR spent for FY 2019-20

MCA has issued a circular dated 20 May 2021 which clarifies that excess CSR amount spent by the companies over and above the minimum prescribed amount for FY 2019-20 as per section 135(5) of the Companies Act, 2013 (2013 Act) by way of contribution to the 'PM CARES Fund' on 31 March 2020, can be off set against requirement to spend under section 135(5) for FY 2020-21, subject to following conditions:

- the amount offset as such will have factored the unspent CSR amount for previous financial years, if any;
- the Chief Financial Officer will certify that the contribution to 'PM CARES Fund' was indeed made on 31 March 2020 in pursuance of the appeal from MCA and the same will also be so certified by the statutory auditor of the company; and
- the details of such contribution will be disclosed separately in the Annual Report on CSR as well as in the Board's Report for FY 2020-21 in terms of section 134(3)(o) of the 2013 Act.

Click [here](#) for circular.

## C. International updates – Effective

#### 2. Clarification on spending of CSR funds for COVID-19

MCA vide its circular dated 23 March 2020 clarified that spending of CSR funds for COVID-19 is an eligible CSR activity.

Click [here](#) for circular dated 23 March 2020.

MCA has now further clarified, vide circular dated 5 May 2021, that spending of CSR funds for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants', 'manufacturing and supply of oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19' or similar such activities are eligible CSR activities under item no.(i) and (xii) of Schedule VII of the 2013 Act relating to promotion of healthcare, including preventive healthcare and disaster management, respectively.

Click [here](#) for circular dated 5 May 2021.

#### 3. Relaxations by MCA due to COVID-19 pandemic

On account of resurgence of COVID- 19 pandemic, MCA has provided following relaxations:

- **Relaxation from levy of additional fees in respect of filing of certain forms:**

MCA, vide its circular dated 3 May 2021 has decided to grant additional time up to 31 July

## D. International updates - Proposed

2021 for Companies/ Limited Liability Partnerships to file such forms (other than Forms CHG-1, **Application for registration of creation, modification of charge (other than those related to debentures)**, CHG-4, **Particulars for satisfaction of charge thereof, and CHG-9, Application for registration of creation or modification of charge for debentures or rectification of particulars filed in respect of creation or modification of charge for debentures**) without any additional fees. Accordingly, no additional fees will be levied up to 31 July 2021 for the delayed filing of forms (other than specified above) which were/ will be due for filing during 1 April 2021 to 31 May 2021. However, if any form which has been due for filing before 1 April 2021, is being filed now, then the same will continue to attract additional fees on account of delay in filing.

MCA has now vide its circular dated 30 June 2021 has further granted additional time upto 31 August 2021 to file forms under the 2013 Act, LLP Act (other than CHG-1, CHG-4 and CHG-9) which were due for filing during the period from 1 April 2021 to 31 May 2021, without any additional fees.

Click [here](#) for circular dated 3 May 2021.

Click [here](#) for the circular dated 30 June 2021.



## A. India updates - Effective

- **Relaxation of time for filing of Form CHG-1 and Form CHG-9:**

MCA has issued circular dated 3 May 2021 to allow relaxation of time and condone the delay in filing Forms CHG-1 and CHG-9 by a company or charge holder, where the date of creation/ modification of charge:

- **is before 1 April 2021, but the timeline for filing such form had not expired u/s 77 of the Companies Act, 2013 as on 1 April 2021:** the period beginning from 1 April 2021 and ending on 31 May 2021 will not be reckoned for the purpose of counting the number of days under section 77 or section 78 of the 2013 Act. In case, form is not filed within such period, the first day after 31 March 2021 will be considered as 1 June 2021 for the purpose of counting the number of days within which form is required to be filed under section 77 and section 78 of the 2013 Act. MCA vide its circular dated 30 June 2021 has further provided relaxations. Accordingly, the first day after 31 March 2021 shall now be considered as 1 August 2021 instead of 1 June 2021 as provided above.
- **falls on any date between 1 April 2021 to 31 May 2021 (both dates inclusive):** the period beginning from the date of creation/ modification

## B. India updates - Proposed

of charge to 31 May 2021 will not be considered for the purpose of counting of days under section 77 and section 78 of the 2013 Act. In case, form is not filed within such period, the first day after the date of creation/ modification of charge will be considered as 1 June 2021 for the purpose of counting the number of days within which form is required to be filed under section 77 and section 78 of the 2013 Act.

Similarly, vide MCA's circular dated 30 June 2021, the first day after date of creation/modification of charge shall now be considered as 1 August 2021 instead of 1 June 2021 as provided above.

It is also clarified that this circular will not apply in following cases:

- Forms CHG-1 and CHG-9 had already been filed before the date of issue of this circular.
- Timeline for filing the form has already expired under section 77 and section 78 of the 2013 Act prior to 1 April 2021.
- Timeline for filing the form expires at a future date, despite exclusion of the time provided in above point.
- Filing of Form CHG-4 for satisfaction of charges.

Further, ICAI has also issued FAQs on the aforementioned relaxation.

## C. International updates – Effective

Click [here](#) for circular dated 3 May 2021.  
Click [here](#) for circular dated 30 June 2021.  
Click [here](#) for FAQs by ICAI.

- MCA has also issued a clarification listing out the forms covered under relaxation provided in above mentioned 2 circulars dated 3 May 2021. Hence, additional fees will be waived off for filing of specified forms for a specified period of time.

Click [here](#) for circular.  
Click [here](#) for ICAI announcement dated 3 June 2021.

Click [here](#) for ICAI announcement dated 14 May 2021.

- **Gap between two board meetings under section 173 of the 2013 Act :** MCA has issued a circular dated 3 May 2021 which provides that the requirement of holding meetings of the Board of the companies within the intervals provided under section 173 of the 2013 Act (i.e., 120 days) stands extended by a period of 60 days for first two quarters of the financial year 2021-22. Hence, the gap between two consecutive meetings of the Board may extend to 180 days during the quarters April 2021 to June 2021 and July 2021 to September 2021, instead of 120 days.

Click [here](#) for circular.

## D. International updates - Proposed

### SEBI updates

#### 1. Enhancement of overall limit for overseas investment by AIFs/ VCFs

Securities and Exchange Board of India (SEBI), vide circular dated 21 May 2021, has approved an enhanced overseas investment limit for SEBI registered alternative investment funds (AIFs) and Venture Capital Funds (VCFs) from USD 750 million to USD 1,500 million.

Click [here](#) for circular.

#### 2. Amended regulations issued by SEBI

SEBI vide notifications dated 5 May 2021 has issued following amended regulations:

- **SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2021** These amended regulations have introduced amendments in relation to the provisions of Innovators Growth Platform where it is, inter alia, provided that for the purpose of regulations 3 and 6 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, any reference to 25% in case of listed entity which has listed its specified securities on Innovators Growth Platform will be read as 49%, for example, for the purpose of provisions in respect of Substantial



## A. India updates - Effective

acquisition of shares or voting rights, Voluntary offer, Disclosure of acquisition and disposal, etc.

These amended regulations have come into force on 6 May 2021.

Click [here](#) for amended regulations.

- **SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021.** These amended regulations, inter-alia, introduced following amendments:
  - Introduced new sub-regulation to the applicability provisions of Innovators Growth Platform and provides that in case an issuer has issued SR equity shares to its promoters/ founders, the said issuer will be allowed to make an initial public offer of only ordinary shares for listing on the Innovators Growth Platform subject to compliance with the provisions of Chapter X, Innovators Growth Platform, and continued compliance with the provisions for SR equity shares in accordance with regulation 6(3) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

## B. India updates - Proposed

- Introduced new regulation which provides provisions in respect of exit of issuers whose securities are listed and trading on the Innovators Growth Platform pursuant to an initial public offer.

These amended regulations have come into force on 6 May 2021.

Click [here](#) for amended regulations.

- **SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2021.** These amended regulations, inter alia, have introduced following amendments:
  - Introduced new definition of 'startup' and amended the definition of venture capital undertaking.
  - Amendments have been introduced under the provisions of investment conditions for all categories of AIFs and its general obligations.
  - A new schedule, Fourth Schedule, has been inserted which deals with Code of Conduct for AIFs, its Managers, key management personnel of Managers and AIFs, members of Investment Committee etc.

These amended regulations have come into force on 6 May 2021.

Click [here](#) for amended regulations.

## C. International updates – Effective

- **SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021.**

These amendment regulations, inter-alia, have introduced following amendments:

- The Risk Management Committee should have minimum three members with majority of them being members of the board of directors, including at least one independent director and in case of a listed entity having outstanding SR equity shares, at least two-thirds of the Risk Management Committee should comprise of independent directors.
- Risk management committee should meet at least twice (earlier minimum one meeting was required) in a year.
- The quorum for a meeting of the Risk Management Committee will be either two members or one-third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.
- Provisions of Risk Management Committee will be applicable to top 1,000 listed entities (earlier it was applicable for 500 listed entities), determined on the basis of market capitalisation, as at the end of the immediate previous financial year.

## D. International updates - Proposed

- Every listed entity and its material unlisted subsidiaries incorporated in India will undertake secretarial audit and will annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity. Further, every listed entity should submit a secretarial compliance report in such form as specified, to stock exchanges, within 60 days from end of each financial year.
- New requirement for submission of Business Responsibility and Sustainability Report (BRSR) is introduced with effect from financial year 2022-23 for top 1,000 listed entities based on their market capitalisation. Requirement of submitting a business responsibility report will be discontinued after the financial year 2021-22.

These amended regulations have come into force on 6 May 2021.

Click [here](#) for amended regulations.



## A. India updates - Effective

### 3. Business responsibility and sustainability reporting by listed entities

SEBI in its Board meeting dated 25 March 2021 had introduced new requirements for sustainability reporting by listed entities. This new report proposed to be called the Business Responsibility and Sustainability Report (BRSR) and replace the existing Business Responsibility Report (BRR).

Click [here](#) for press release.

Pursuant to the above and amendment introduced in SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, SEBI, vide circular dated 10 May 2021, has provided the format and guidance note on BRSR to enable the companies to interpret the scope of disclosures.

The listed entities already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks (such as GRI, SASB, TCFD or Integrated Reporting) may cross-reference the disclosures made under such framework to the disclosures sought under the BRSR.

## B. India updates - Proposed

In terms of the aforesaid amendment, with effect from the financial year 2022-2023, filing of BRSR will be mandatory for the top 1,000 listed companies (by market capitalisation). Filing of BRSR is voluntary for the financial year 2021-22.

Click [here](#) for circular.

### 4. Relaxation from compliance to REITs and InvITs due to COVID-19 pandemic

Due to COVID-19 pandemic and restrictions imposed by various state governments, SEBI has decided to extend the due date for regulatory filings and compliances for Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) for the period ended 31 March 2021 by one month over and above the stipulated timelines prescribed by SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014 and circulars issued thereunder.

Click [here](#) for circular.

Further, pursuant to SEBI circular dated 31 May 2021, SEBI has further extended the timelines for such regulatory filings during the period ended March 2021 to July 2021 to 30 September 2021.

Click [here](#) for circular.

## C. International updates – Effective

### Other regulatory updates

#### 1. Extension of due dates by CBDT

CBDT has issued a circular dated 20 May 2021 extending due dates for certain compliances under the Income-tax Act, 1961 to provide relief to the taxpayers in view of COVID-19 pandemic. Refer below revised due dates for few of the key compliances amongst others:

##### A. Audit reports for FY 2020-21

Particulars	Existing due date	New due date
Tax audit report	30 September 2021	31 October 2021
Accountant's Report under section 92E of the Act (in Form 3CEB)	31 October 2021	30 November 2021

##### B. Income-tax returns for AY 2021-22

Particulars	Existing due date	New due date
Return of income in case of Transfer Pricing (TP) audit	30 November 2021	31 December 2021
Return of income in case of company, person (other than a company) whose accounts are required to be audited, partner of a firm whose accounts are required to be audited	31 October 2021	30 November 2021
Tax return in case of any other taxpayer not covered above	31 July 2021	30 September 2021
Belated/ revised tax return	31 December 2021	31 January 2022

Click [here](#) for press release.

Click [here](#) for circular dated 20 May 2021.





## A. India updates - Effective

### 2. Mandatory updation of UDINs in all Income Tax Forms at e-filing Portal

CBDT, on 30 April 2021, had given the extension for updating UDINs of past uploads of audit report and certificates at the e-filing portal till 30 June 2021.

Click [here](#) for news.

In view of the same, the ICAI has requested its members to avail this opportunity and update the UDINs on the e-filing portal at the earliest but not later than 30 June 2021 to avoid likely invalidation.

Click [here](#) for announcement.

### 3. Priority Sector Lending - On-lending by Small Finance Banks to NBFC-MFIs

As per current guidelines, lending by small finance banks (SFBs) to Non-Banking Financial Company - Micro-Finance Institutions (NBFC-MFIs) for on-lending is not reckoned for priority sector lending (PSL) classification.

In view of fresh challenges due to COVID-19 pandemic and the liquidity position of smaller MFIs, RBI has now allowed PSL classification to the fresh credit extended by SFBs to registered NBFC-MFIs and other MFIs which are members of RBI recognised 'Self-Regulatory Organisation' of the sector and which have a 'gross loan portfolio' of up to INR 500 crores as on 31 March 2021, for the purpose of on-lending to individuals.

## B. India updates - Proposed

This will be valid up to 31 March 2022 and loans thus disbursed will continue to be classified under PSL till the date of repayment or maturity whichever is earlier.

This circular has come into force on 5 May 2021.

Click [here](#) for circular.

### 4. RBI's Resolution Framework 2.0

In view of the resurgence of COVID-19 pandemic, RBI has notified 'Resolution Framework 2.0 - Resolution of COVID-19 related stress of Micro, Small and Medium Enterprises (MSMEs)' and 'Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses'. These resolution frameworks are issued to further extend certain reliefs provided by the RBI in August 2020.

- **Resolution framework for MSMEs:** Extension of the facility of restructuring existing loans without a downgrade in the asset classification has been permitted subject to certain conditions as mentioned in the circular. Such facility was earlier announced vide notification dated 6 August 2020. One of the eligibility conditions for the purpose of invoking such resolution framework was that the aggregate exposure including non-fund-based limits of all lending institutions to the MSME borrower should not exceed INR 25 crores as on 31 March 2021.

## C. International updates – Effective

Such limit has been enhanced to INR 50 crores by RBI vide circular dated 4 June 2021.

Click [here](#) for notification dated 6 August 2020.

Click [here](#) for notification dated 5 May 2021 for MSMEs.

Click [here](#) for notification dated 4 June 2021 for MSMEs.

- **Resolution framework for individuals and Small Businesses:** RBI has announced set of measures with the objective of alleviating the potential stress to individual borrowers and small businesses. These measures are broadly in line with the contours of the measures announced by RBI vide its notification dated 6 August 2020, with suitable modifications. These measures are divided into following 3 parts:
  - **Part A:** It has requirements specific to resolution of advances to individuals and small businesses. Borrowers eligible under this resolution include individuals who have availed loans and advances for business purposes and to against whom the aggregate exposure in the lending institution is not more than INR 25 crores as on 31 March 2021. Further, borrowers also include small businesses wherein the

## D. International updates - Proposed

exposure is not more than INR 25 crores as on 31 March 2021. RBI vide its circular dated 4 June 2021 has enhanced these limits to INR 50 crores.

- **Part B:** This part pertains to working capital support for: (i) individuals who have availed of loans for business purposes, and (ii) small businesses, where resolution plans were implemented previously.
- **Part C:** This part lists the disclosure requirements for the lending institutions with respect to the resolution plans implemented under this window.

Click [here](#) for notification dated 6 August 2020.

Click [here](#) for notification dated 5 May 2021 for individuals and small businesses.

Click [here](#) for notification dated 4 June 2021 for individuals and small businesses.

### 5. Utilisation of floating provisions/ Counter Cyclical Provisioning Buffer by banks

In order to mitigate the adverse impact of COVID-19 related stress on banks, as a measure to enable capital conservation, RBI has now allowed



## A. India updates - Effective

all scheduled commercial banks to utilise 100% of floating provisions/ countercyclical provisioning buffer held by them as on 31 December 2020 for making specific provisions for non-performing assets with prior approval of the respective board of directors. Such utilisation is permitted upto 31 March 2022. Earlier, banks were allowed to utilise up to 33% and 50% of floating provisions/countercyclical provisioning buffer held by them as on 31 March 2013 and 31 December 2014 respectively, for making specific provisions for non-performing assets, as per their Board of Director's approved policy.

Click [here](#) for circular.

### 6. Extension of time limit for filing of returns with IRDAI and uploading public disclosures on website of insurers

In view of the resurgence of COVID-19 pandemic and partial lockdowns, Insurance Regulatory and Development Authority of India (IRDAI) has extended the time limit for furnishing all monthly, quarterly, half-yearly and annual returns for the period ended 31 March 2021 by 30 days.

Also, time limit for ensuring compliance with the directions regarding public disclosures on websites by insurers for the period ended on 31 March 2021 is extended by a period of 30 days.

## B. India updates - Proposed

However, solvency position will continue to be filed within 15 days from the end of the respective month.

Click [here](#) for circular.

### 7. IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) (First Amendment) Regulations, 2021

IRDAI has issued IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) (First Amendment) Regulations, 2021.

These amended regulations provide the manner in which the premium and unearned premium reserve should be recognised by insurers carrying on general insurance business.

It also provides that insurers should follow the method of provisioning of Unearned Premium Reserve in a consistent manner and any change in the method of provisioning will be done only with the prior written approval of the IRDAI.

These amended regulations would be effective from the first day of the financial year after notification (i.e., 11 May 2021) of these regulations.

Click [here](#) for notification.

## C. International updates – Effective

### 8. Exercise of ESOPs - Applicability of provision of section 6A(4)(b) of the Insurance Act, 1938

IRDAI on 11 May 2021 issued a circular in respect of provisions for exercise of employee stock options (ESOPs) and the applicability of provision of section 6A(4)(b) of the Insurance Act, 1938. This circular has reiterated the following:

- All ESOPs, at the time of grant, will be reported to IRDAI preferably as a part of the application filed under IRDAI (Remuneration of Chief Executive Officer/ Whole-time Director/ Whole-time Director/ Managing Director of Insurers) Guidelines, 2016.
- Exercise of ESOP is subject to provision of Section 6A(4)(b) of the Insurance Act, 1938 read with IRDAI (Transfer of Equity Shares of Insurance Companies) Regulations, 2015.
- Where specific trust has been formed by an insurer for issuance of ESOPs to their employees, the issue of shares to such trust and exercise of option by one or more employees will also fall within the ambit of the Section 6A of the Insurance Act, 1938 read with IRDAI (Transfer of Equity Shares of Insurance Companies) Regulations, 2015.

## D. International updates - Proposed

- Prior approval of IRDAI will be required where exercise of ESOP by one or more key managerial personnel, whether singly or jointly, will exceed beyond the threshold limit specified in section 6A(4)(b) of the Insurance Act, 1938.

Click [here](#) for circular.

### 9. Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021

IRDAI, vide notification dated 19 May 2021, has issued Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021 amending Indian Insurance Companies (Foreign Investment) Rules, 2015. These amended rules, inter alia, provide the following:

- Increase in foreign direct investment limit in the insurance sector to 74% from the existing 49%.
- Such insurance companies should have resident Indian citizens as majority of its key managerial personnel and board of directors. Every Indian Insurance Company having foreign investment, existing on or before date of commencement of these amended rules (i.e., 19 May 2021), will have to comply with this requirement within one year from such commencement.

These amended rules have come into force on 19 May 2021.

Click [here](#) for notification.



## **B. India updates - Proposed**

**a. Accounting updates**

**b. SEBI updates**

## A. India updates - Effective

### a. Accounting updates

#### 1. Exposure draft of revised AS 12, Income Taxes

In continuation of upgrading the accounting standards for the entities to whom Ind AS is not applicable, Accounting Standards Board of the ICAI has issued an exposure draft of revised **AS 12, Income Taxes**, by taking existing **AS 22, Accounting for Income taxes**, notified by MCA as base.

This exposure draft, inter alia, covers the following:

- Differences between draft of revised AS 12 and Ind AS 12, Income taxes
- Differences between draft of revised AS 12 and AS 22

Last date for submission of comments was 10 June 2021.

Click [here](#) for announcement.

Click [here](#) for exposure draft.

## B. India updates - Proposed

### b. SEBI updates

#### 1. Consultation Paper on 'Review of the regulatory framework of promoter, promoter group and group companies as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018'

SEBI has issued consultation paper seeking comments on the following aspects in relation to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018:

- Reduction in lock-in periods for minimum promoter's contribution and other shareholders for public issuance on the Main Board.
- Rationalisation of the definition of 'Promoter Group'.
- Streamlining the disclosures of group companies; and
- Shifting from concept of 'promoter' to concept of 'person in control'.

Last date for submission of comments was 10 June 2021.

Click [here](#) for consultation

## C. International updates – Effective

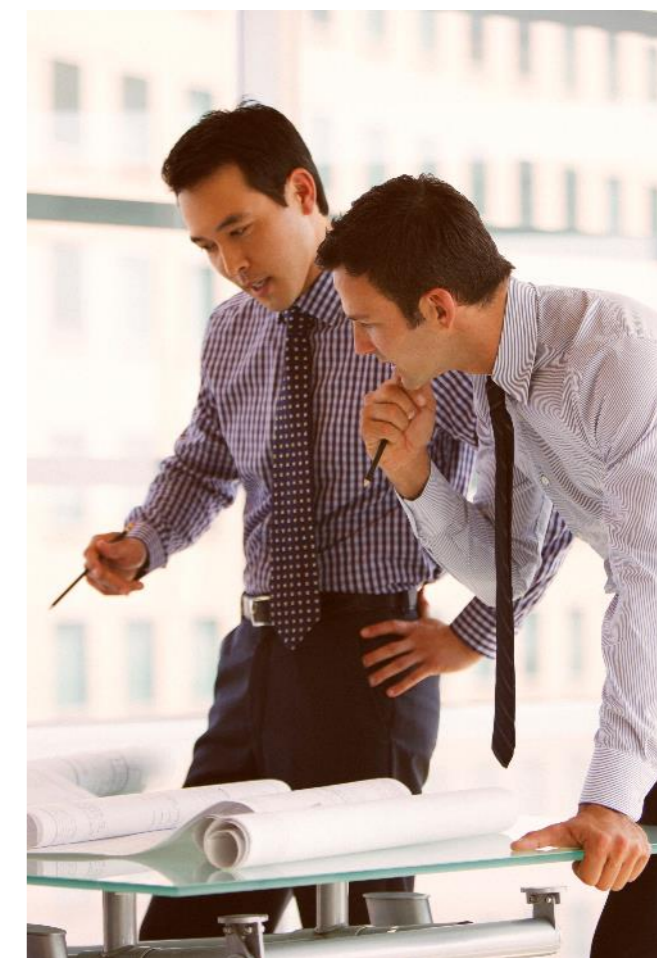
#### 2. Consultation Paper on 'Review and merger of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Issue and Listing of Non-convertible Redeemable Preference Shares) Regulation, 2013 into SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021

SEBI has issued consultation paper seeking comments on merger of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (SEBI ILDS Regulations) and SEBI (Issue and Listing of Non-convertible Redeemable Preference Shares) Regulation, 2013 (SEBI NCRPS Regulations) into a single regulation SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (SEBI NCS Regulations).

These SEBI NCS Regulations aim to ease compliance burden on listed entities, harmonise with the 2013 Act and maintain consistency with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Debenture Trustees) Regulations, 1993 and circulars issued thereunder.

Click [here](#) for consultation paper.

## D. International updates - Proposed





# C. International updates – Effective

a. IFRS updates

b. US GAAP updates

## A. India updates - Effective

### a. IFRS updates

#### 1. Targeted amendments to IAS 12, Income Taxes

IASB has issued targeted amendments to IAS 12, Income Taxes, to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations - transactions for which companies recognise both an asset and a liability.

Amendments introduced clarify that the exemption does not apply to such transactions and companies are required to recognise deferred tax on such transactions.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with early application permitted.

Click [here](#) for news release.

## B. India updates - Proposed

### b. US GAAP updates

#### 1. ASU 2021-04 - Earnings Per Share (Topic 260), Debt - Modifications and Extinguishments (Subtopic 470-50), Compensation - Stock Compensation (Topic 718), and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options

FASB has issued ASU 2021-04 that clarifies an issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange.

The ASU provides guidance on how an issuer will measure and recognise the effect of these transactions.

Specifically, it provides a principles-based framework to determine whether an issuer should recognise the modification or exchange as an adjustment to equity or an expense.

## C. International updates – Effective

The amendments in this ASU are effective for all entities for fiscal years beginning after 15 December 2021, including interim periods within those fiscal years. An entity should apply the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments.

Early adoption is permitted for all entities, including adoption in an interim period. If an entity elects to early adopt the amendments in this ASU in an interim period, the guidance should be applied as of the beginning of the fiscal year that includes that interim period.

Click [here](#) for news.

Click [here](#) for ASU.

## D. International updates - Proposed





# D. International updates - Proposed

a. US GAAP updates

## A. India updates - Effective

## B. India updates - Proposed

## C. International updates – Effective

## D. International updates - Proposed

### a. US GAAP updates

#### 1. Exposure draft of Proposed ASU - Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method

FASB has issued exposure draft of proposed accounting standard update (ASU) in relation to the fair value hedging-portfolio layer method wherein the proposed amendments would allow multi-layer hedging relationships to be designated for a single closed portfolio of prepayable financial assets. As a result, an entity will be able to achieve hedge accounting for hedges of a greater proportion of the interest rate risk inherent in the assets included in the closed portfolio, further aligning hedge accounting with risk management strategies.

##### Additionally, the proposed ASU proposes to:

- Clarify eligible hedging instruments in a single-layer strategy.
- Provide additional guidance on the accounting for and disclosure of fair value hedge basis adjustments that would be applicable to both the current single-layer model and the proposed multiple-layer model.

- Indicate how fair value hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio.

Last date for submission of comments was 5 July 2021.

Click [here](#) for news.

Click [here](#) for exposure draft.





# Contact us



To know more, please visit [www.grantthornton.in](http://www.grantthornton.in) or contact any of our offices as mentioned below:

## NEW DELHI

National Office,  
Outer Circle, L 41,  
Connaught Circus,  
New Delhi - 110001  
T +91 11 4278 7070

## NEW DELHI

6th Floor, Worldmark 2,  
Aerocity,  
New Delhi - 110037  
T +91 11 4952 7400

## BENGALURU

5th Floor, 65/2, Block A,  
Bagmane Tridib, Bagmane Tech Park,  
CV Raman Nagar,  
Bengaluru - 560093  
T +91 80 4243 0700

## CHANDIGARH

B-406A, 4th Floor,  
L&T Elante Office Building,  
Industrial Area Phase I,  
Chandigarh - 160002  
T +91 172 4338 000

## CHENNAI

9th Floor, A Wing, Prestige Polygon,  
471 Anna Salai, Mylapore Division, Teynampet,  
Chennai - 600035  
T +91 44 4294 0000

## DEHRADUN

Suite No 2211, 2nd Floor,  
Building 2000, Michigan Avenue,  
Doon Express Business Park,  
Subhash Nagar,  
Dehradun - 248002  
T +91 135 2646 500

## GURGAON

21st Floor, DLF Square,  
Jacaranda Marg, DLF Phase II,  
Gurgaon - 122002  
T +91 124 462 8000

## HYDERABAD

7th Floor, Block III, White House,  
Kundan Bagh, Begumpet,  
Hyderabad - 500016  
T +91 40 6630 8200

## KOCHI

6th Floor, Modayil Centre Point,  
Warriam Road Junction, MG Road,  
Kochi - 682016  
T +91 484 406 4541

## KOLKATA

10C Hungerford Street,  
5th Floor,  
Kolkata - 700017  
T +91 33 4050 8000

## MUMBAI

11th Floor, Tower II,  
One International Center,  
SB Marg Prabhadevi (W),  
Mumbai - 400013  
T +91 22 6626 2600

## MUMBAI

Kaledonia, 1st Floor, C Wing,  
(Opposite J&J Office),  
Sahar Road, Andheri East,  
Mumbai - 400069  
T +91 22 6176 7800

## NOIDA

Plot No 19A, 2nd Floor,  
Sector - 16A,  
Noida - 201301  
T +91 120 485 5900

## PUNE

3rd Floor, Unit No 309-312, West Wing,  
Nyati Unitree, Nagar Road, Yerwada  
Pune - 411006  
T +91 20 6744 8800

For more information or for any queries, write to us at [npsq@in.gt.com](mailto:npsq@in.gt.com)



Follow us @GrantThorntonIN

© 2021 Grant Thornton Bharat LLP. All rights reserved.

“Grant Thornton Bharat” means Grant Thornton Advisory Private Limited, the sole member firm of Grant Thornton International Limited (UK) in India, and those legal entities which are its related parties as defined by the Companies Act, 2013, including Grant Thornton Bharat LLP.

Grant Thornton Bharat LLP, formerly Grant Thornton India LLP, is registered with limited liability with identity number AAA-7677 and has its registered office at L-41 Connaught Circus, New Delhi, 110001.

References to Grant Thornton are to Grant Thornton International Ltd. (Grant Thornton International) or its member firms. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.